

NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Altamirano **DATE TYPED:** 02/07/02 **HB** _____

SHORT TITLE: Water Trust and Water Project Funds **SB** 392

ANALYST: Kehoe

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------------|-----------------------------|------|----------------------|---------------|
| FY02 | FY03 | FY02 | FY03 | | |
| | \$40,000.0 | | | Non-Recurring | GF |
| | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|------------|-------------------------|----------------------|--------------------|
| FY02 | FY03 | | | |
| | \$20,000.0 | | Non-Recurring | Water Trust Fund |
| | \$20,000.0 | | Non-Recurring | Water Project Fund |
| | | | | |

(Parenthesis () Indicate Revenue Decreases)

Relates to Senate Bill 44, SCONCS/SB 252, House Bill 323

SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)
LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 392 appropriates \$20 million from the general fund to the Water Trust Fund and \$20

million to the Water Project Fund for the purpose of carrying out the Water Project Finance Act.

Significant Issues

The Legislature enacted the Water Project Finance Act (Laws 2001, Chapter 164) establishing a Water Trust Fund Program, a Water Project Fund and a Water Trust Board. The purpose of the Act is to provide grants and loans to political subdivisions and to provide for long-range planning and financing of regional and statewide water supply projects. The 2001 statute authorizes NMFA to administer the grant and loan projects. However, the bill did not contain an appropriation for loans, grants or recovery of NMFA administrative costs. A 15-member Water Trust Board with broad representation of water interests and expertise was appointed and charged with prioritizing projects for recommendation to the Legislature. The NMFA Board approved the use of NMFA funds to support the first year of operations of the Water Trust Board. The Water Trust Board identifies water projects for funding that meet the criteria set forth in the legislation such as: storage, conveyance or delivery of water to end users, implementation of the Endangered Species Act collaborative programs, restoration and management of watersheds, and flood prevention.

According to NMFA and the State Engineer's Office, the development of long-term surface water supplies is estimated at over \$1.5 billion. The general fund appropriation totaling \$40 million would provide the initial capitalization for over \$4.1 billion in water projects crucial to the citizens of New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$40,000.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY03 shall not revert to the general fund.

RELATIONSHIP

Senate Bill 44 appropriates \$90,000.0 in FY03 and subsequent years from the General Fund to the Water Trust Fund for the purpose of carrying out the Water Project Finance Act. The appropriation is contingent upon the state receiving an equal amount from Indian gaming back-payment receipts pursuant to gaming compacts. SB 252/SCONCS creates the 2002 Water Trust Fund General Obligation Bond Act and authorizes the issuance and sale of General Obligation Bonds (GOBs) to fund the Water Trust Fund in an amount not to exceed \$50,000.0. House Bill 323 authorizes the issuance and sale of General Obligation Bonds to fund the Water Trust Fund in an amount not to exceed \$50,000.0.

LMK/njw:pr